



RES.N04/03/2017 DRAFT BUDGET 2017/18 FINANCIAL YEAR

PURPOSE

For Council to consider the tabled budget for the 2017/18 financial year

STRATEGIC INTENT

To enhance good governance

FOR DECISION / CONSIDERATION BY

Portfolio Committee on Finance / Council / MPAC – Municipal Public Accounts Committee

EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the local wide financial plan is essential and critical to ensure that the Local remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Local business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 55, 58, 59, 67, 68, 70, 72, 74, 75, 77,79, 82,85 and 86 were used to guide the compilation of the draft 2017/18 MTREF.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water & sanitation, roads and electricity bulk infrastructure;
- The need to re-prioritize projects and expenditure within the existing resource structure given the cash flow strangulations and the cash position of the municipality;
- The need to fill critical vacancies and to attract skilled labour through competitive remuneration and conducive working environment;
- Affordability of capital projects – the municipal allocation relating to infrastructure grant associated with capital investment is limited (Municipal Infrastructure Grant),



- thus limit the functions of the Local in relation to bulk infrastructure investment for the budget year 2017/18 MTREF and beyond; and
- Availability and/or affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- Guidelines issued by the National Treasury on the projected inflation adjustments upon which the budget is based.

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#### LEGAL IMPLICATIONS

Municipal Finance Management Act 56 of 2003  
Municipal Systems Act, 2000

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#### FINANCIAL IMPLICATIONS

As per proposed draft budget

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#### COUNCIL RESOLUTIONS

It is recommended:

1. That Council notes the draft Budget document
2. That the draft Budget document needs to be MSCoA compliant
3. That the relevant Portfolio Committee to thoroughly scrutinize and engage with the draft document
4. That an extensive interrogation of the draft document needs to take place
5. That broad community consultations take place to solicit comments of the public on the draft budget.

**Moved:** Cllr Jacobs T.

**Seconded:** Cllr Doyi E.M

**Signed:**   
Mayor/Speaker  
Cllr Medupe O.D

**Date:** 31/03/2017